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September 14, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk / Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Annual Review of Base Rates for Fuel Costs of Duke Energy Carolinas, LLC
(For Potential Increase or Decrease in Fuel Adjustment and Gas Adjustment)

Docket No. 2021-3-E

LETTER REGARDING DISCOVERY ISSUES

Dear Ms. Boyd:

At the fuel hearing for Duke Energy Carolinas, LLC (the “Company”) on Monday, September 13, 2021, the Commission heard assertions from witness for the Southern Alliance for Clean Energy and the South Carolina Coastal Conservation League (“SACE/CCL”) Devi Glick regarding the Company not providing cost data needed to support certain theories proffered by Ms. Glick concerning unit commitment and dispatch decisions. The assertion is similar to a line in Ms. Glick’s pre-filed testimony, which references SACE/CCL discovery request 1-11(b). That discovery request reads as follows:

- b. Indicate whether the Company performs economic analysis that evaluates the cost to operate each unit relative to the cost to operate all other units on the system to inform the unit commitment decision for its coal units (i.e., decision whether to operate and commit a unit or take it offline).
 - i. If not, explain why not.
 - ii. If so, provide all such analysis conducted during the Review Period in native, machine readable format.

Consistent with request 1-11(b)(ii), the Company did provide the “analysis conducted during the Review Period in native, machine readable format.” On August 23, 2021, twenty days after being served the discovery requests, the Company provided the requested files and responded to the discovery request as follows:



See CONFIDENTIAL attachments with the daily 7 Day Forecasts (the “7 Day Planning Report”) and Unit Loading Reports for the period 6/1/2020-5/31/2021. The “Unit Loading Report” shows the unit commitment and dispatch plans by day by hour for the requested period. Please note that each “Unit Loading Report” is a forecast of MWh loadings of each generating unit over the next seven (7) days as determined by each GenTrader model run.

In total, the information provided by the Company to SACE/CCL in discovery included the following data:

1. Hourly generation for all units (MWh)
2. Hourly system lambda (\$/MWh)
3. Designation of commitment status (testing, reliability, economically committed, etc.)
4. Hourly marginal fuel cost (\$/MWh)
5. Hourly marginal variable costs of production (fuel, variable O&M, NOx, startup fuel) (\$/MWh)
6. Hourly fuel burn cost (\$/MMBtu)
7. Accounting fuel costs (\$, available in monthly form only)
8. Unit incremental cost heat rate curve (Btu/kWhr)
9. Economic minimum levels of production (MWh)
10. Rated minimum and maximum capabilities of each unit (MWh)
11. Minimum up and down times (hours), ramp rates (MW/minute), and startup characteristics (time, cost)
12. Time to transition between different types of startups (hot, cold, etc.), units with must run requirements, minimum burn requirements, steam from other units required to start, etc.
13. Hourly DEC customer demand (hourly)
14. Outage data (provided from NERC GADS)
15. Avoided energy cost for company’s third-party purchases (hourly)
16. Marginal replacement fuel cost (\$/MMBtu)
17. Reports Provided:
 - a. 7-Day Planning Reports (daily data) – Provided daily or possibly multiple times per day when done more than one time per day for every day of the review period
 - b. Unit Loading Report (hourly data) – Provided daily or possibly multiple times per day when done more than one time per day for every day of the review period
 - c. Unit Cost Priority (UCP) – (daily) – which includes the daily average Energy Cost to Commit (\$/MWh) for each generation unit in the Carolinas (DEC/DEP) system
 - d. Natural gas daily nomination report (daily)



The Company considered the information provided in discovery to be complete and was not informed otherwise by SACE/CCL. In response to discovery request 1-11(c)(iv)—which requested a nonexistent manual of terminology—the Company even offered to “meet with representatives from SACE and CCL to walk through the layout of the ‘Unit Loading Report’ and ‘7 Day Forecast’ to explain terminology and key features of the provided outputs.” The Company was not contacted regarding this offer. The Company also provided its Unit Cost Priority or UCP information—referenced above and provided in discovery in response to discovery request 1-34(a)—which, while not an “analysis” as contemplated in discovery request 1-11(b), is the same cost information used by the Company to commit and dispatch its units, and which includes each unit’s variable costs. That discovery response again included an offer to “meet with representatives from the SACE and CCL to walk through the layout of the 7 Day Planning Report, the Unit Loading Report, and the Unit Cost and Priority download to explain terminology and key features of the provided outputs.” Again, the Company was not contacted in reference to this offer.

As explained during the hearing, the Company considered the information it provided in discovery to be fully responsive to the discovery request. SACE/CCL did not reach out to the Company about any information that it believed that it requested and did not receive, nor did it file a motion to compel. In fact, the discovery request itself was not filed as required by S.C. Code Ann. Regs. 103-833(B) and 103-833(C). While the discovery request sought “analysis conducted during the Review Period in native, machine readable format”—and the Company provided its GenTrader analysis conducted during the review period—the information actually sought by SACE/CCL was later clarified in testimony: “the contemporaneous documentation that DEC produced at the time the Company made its daily unit-commitment decisions with all unit costs on the system.” Glick Direct Testimony at 25.

At best, this was a misunderstanding in discovery—SACE/CCL thought it was asking for one thing and received something else. At worst, the testimony was offered to cast doubt on the cooperation of the Company in discovery and to unfairly compromise the credibility of the Company’s case in a prejudicial way. Either way, it is inappropriate for a party to seek discovery, obtain responsive information, and then cry foul—for the first time—through witness testimony, because the party purportedly did not receive something that was not specifically requested. While the information requested and provided may or may not have been sufficient for the analysis SACE/CCL sought to conduct, that does not mean that the Company did not provide the data that was actually requested. Further, had the Company failed to provide responsive information, the appropriate course of action would have been to first notify the Company’s counsel of the purported deficiency. If the parties were unable to resolve the dispute in good faith, SACE/CCL could have filed a motion to compel to obtain the sought-after information.



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We look forward to providing more information about the Company's unit commitment and dispatch decisions as this hearing continues.

Kind regards,

Sam Wellborn

cc: JoAnne Wessinger Hill, General Counsel (via email)
Heather Shirley Smith, Deputy General Counsel (via email)
Katie Brown, Counsel (via email)
Parties of Record (via email)

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